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Terre Haute Star, May 31, 1925

President's Memorial Day Address

WASHINGTON, May 30.—The text of President Coolidge's Memorial day address, delivered at Arlington cemetery this afternoon, follows:

For those who are the inheritors of a noble estate and a high place in the world, it is a good thing to pause at intervals and consider by what favor of fortune and of ancestry their lines have fallen in such pleasant places. Thus to meditate upon that course of events, which has given them what they have and made them what they are, will tend to remind them how great is their debt and how little is their share of merit.

This is the day on which the American people each year acknowledge that they have such a debt. It has been set aside that a grateful nation may do fitting honor to the memory of those who have made the greatest and most voluntary contribution to it. Here about us, in this place of beauty and reverence, lies the mortal dust of a noble host, to whom we have come to pay our tribute, as thousands of other like gatherings will do throughout our land. In their youth and strength, their love and loyalty, those who rest here gave to their country all that mortality can give. For what they sacrificed we must give back the pledge of faith to all that they held dear, constantly renewed, constantly justified. Doing less would betray them and dishonor us.

Spirit of Humility.

To such a memorial as exists here we can only come in a spirit of humility and of gratitude. We can not hope to repay those whom we are assembled to honor. They were moved by a noble conception of human possibilities and human destiny. But we can undertake to find what was their inspiration and seek to make it our guide. By that they will be recompensed.

These who are represented here were men in whom courage had reached a high moral quality. They had been brave enough not to shrink from looking at facts and institutions. They had been honest enough to admit that they saw there much that was not good. They glossed over no wrongs, they hid away no skeletons. They did not pretend that wrong was right or ever could be right. They had put much thought to the lessons of hard experience and had frankly acknowledged that they must deal with a crisis in the nation's life. They were sure that union was a blessing, that slavery was a wrong and that domestic war was the supreme human tragedy. This settled, they saw that one of three courses must be taken. They could have had peace with disunion, or they could have peace and union, with slavery. Freedom with union, they saw at last, meant war. We know how they decided. We know at what fearful cost they supported their decision.

We live far enough away from those times of test and trial to know that sincerity and honesty did not all lie on either side. We know the conflicts of loyalties, traditions, ancestry and interest which drew men to one side and the other. I doubt if there ever was another so great and elemental a conflict from which men emerged with so much of mutual respect, with so little of bitterness and lingering hostility. The struggle brought the whole nation at last to see that its only assurance was in unity. United, it could go its way in all security; divided, both sections becoming the prey of jealousy and intrigue, would have dissipated all the power they now have for good in the world.

Value of Union Seen.

Our generation has recently lived through times still so vivid as to seem but as yesterday, which have taught us deeply to appreciate the value of union in purpose and effort. We have come to see as through a crystal that in the national variety of talents and resources, of cultures and capacities, of climates and of soils, of occupations and of interests, lies the guaranty of both our power and our authority. More than that, they have taught us how heavy and important is our responsibility in the world.

Conscious of a strength which removes us from either fear or truculence, satisfied with dominions and resources which free us from lust of territory or empire, we see that our highest interest will be promoted by the prosperity and progress of our neighbors. We recognize that what has been accomplished here has largely been due to the capacity of our people for efficient co-operation. We shall continue prosperous at home and helpful abroad about as we shall maintain and continually adapt to changing conditions the system under which we have come thus far. I mean our federal system, distributing powers and responsibilities between the states and the national government. For that is the greatest American contribution to the organization of government over great populations and wide areas. It is the essence of practical administration for a nation placed as ours is. It has become so commonplace to us and a pattern by so many other peoples, that we do not always realize how great an innovation it was when first formulated, or how great the practical problems which its operation involves. Because of my conviction that some of these problems are at this time in need of deeper consideration, I shall take this occasion to try to turn the public mind in that direction.

Quotes John Marshall.

When dealing with the distribution of powers between the general government and the states, Chief Justice Marshall declared:

When the American people created a national legislature with certain powers, it was neither necessary nor proper to define the powers reserved by the states. Those powers proceed, not from the people of America, but from the people of the several states, and remain after the adoption of the constitution what they were before, except so far as they may be abridged by that instrument.

Our constitutional history started with the states retaining all powers of sovereignty unimpaired, save those conferred upon the national government. The evolution of the constitutional system has consisted largely in determining the line of demarcation between state and national authority. The cases involved are many and complicated, but there is a fairly good popular understanding of this continuing struggle between these contending sovereignties. Because of better communication and transportation, the constant tendency has been to more and more social and economic unification. The present continent-wide union of 48 states is much closer than was the original group of 13 states.

This increasing unification has well-nigh obliterated state lines so far as concerns many relations of life. Yet, in a country of such enormous expanse, there must always be certain regional differences in social outlook and economic thought. The most familiar illustration of this is found in the history of slavery. The constitution did not interfere with slavery, except to fix a time when the foreign slave trade should be abolished. Yet within a generation the country was confronting a sharp sectional division on this issue. Changing economic conditions made slavery profitable in the south, but left it unprofitable in the north. The resulting war might have been avoided if the south had adopted a policy of ultimate abolition. But as this method was not pursued the differences grew sharper until they brought on the great conflict.

Problems Still Left.

Though the war ended forever the possibility of disunion, there still remain problems between state and federal authority. There are divisions of interest, perhaps more apparent than real, among geographical sections or social groups. The seaboard thinks it has interests in maritime transportation and overseas commerce which differ greatly from these of the interior, which is peculiarly dependent upon railroads. Difference in climate and physical conditions throughout so great a territory tend to varied social habits and modes of living which react upon the economic and political attitudes. The industrial development of some sections contrasts with the agricultural character of others. Obviously, these differences give rise to many problems in government, which must

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always be recognized. But it is hardly conceivable that a really menacing contest between the sovereignty of the states and of the union could ever again arise.

Our country, having devised this dual system of government, and lived under it longer than any other, is deeply concerned to perfect and adapt it to the changing conditions of organized society. A community comprising half a continent and more than a 100,000,000 people, could not possibly be administered under a single government organization. We must maintain a proper measure of local self-government while constantly making adjustmnets to an increasing interdependence among the political parts.

Our national history has presented various phases of this problem. Slavery showed one; the complexities of interstate commerce have kept others constantly in mind. On the day the constitution was finished probably more people would have seen seeds of conflict and dangers to the Union in future commercial relations than in slavery. But commerce became a source of strength, while slavery became a cause of division. It brought the Union into danger; and in the end was destroyed itself. Where there was sincere acceptance of the dual sovereignty theory; where the states sought to do their full part, and accepted the determinations of the national government as to the rest, the plan worked. Where the states sought more from the federal authority than it could give and resisted national demands — then came dissension and, at length, war.

Difference in Equality.

It would be folly to deny that we still have problems of interstate relations to handle. We boast that this is a land of equal opportunity for all. We insist that there is one law for all the people. But that equality suffers often because of the divergencies between the laws of different states. So long as some can go to a distant state for divorces which others are denied at home, there is not equality in this regard. When some states grant valuable exemptions from taxation which other states impose, one person may enjoy while another is denied these benefits.

A few years ago a majority of the states had adopted prohibition or rigid restrictions on the traffic in intoxicating liquor. But other states did not co-operate in advancing this policy and ultimately by national action it was extended to all the Union. By failing to meet the requirements of a national demand the states became deprived of the power to act. If questions which the states will not fairly settle on their own account shall have to be settled for them by the federal authority, it will only be because some states will have refused to discharge obvious duties.

There is another responsibility of the states. It is quite aside from this one of jurisdiction. It is the subject of law enforcement. We are not a lawless people, but we are too frequently a careless one. The multiplicity of laws, the varied possibilities of appeals, the disposition to technicality in procedure, the delays and consequent expense of litigation which inevitably inure to the advantage of wealth and specialized ability—all these have many times been recounted as reproaches to us. It is strange that such laxities should persist in a time like the present, which is marked by a determined upward movement in behalf of the social welfare. But they do exist. They demonstrate a need for better, prompter, less irksome, and expensive administration of the laws. They point the necessity for simplification and codification of laws; for uniformity of procedure; for more accurate delimitation of state and federal authority.

Stand for Progress.

All these problems constantly come in the work of political and social development. But they stand for a vast progression toward better conditions, a better society, a better economic system. In approaching them, we need to have in mind the federalist's analysis of our constitutional system:

> The powers delegated to the federal government are few and defined; those to remain in the hands of the state government are numerous and indefinite.

That statement can not be too much emphasized. The country's growth has compelled the federal establishment to exceed by far the government plants of even the greatest states. With this growth in physical extent, in revenue, in personnel, there has inevitably been the suggestion that the federal government was overshadowing the states. Yet the state governments deal with far more various and more intimate concerns of the people than does the national government. All the operations of the minor civil divisions, parishes, wards, school districts, towns, cities, counties and the like, are dependencies of the state. The maintenance of order through police, the general business of enforcing law, is left to the states. So is education. Property is held and transferred on terms fixed by the state. In short, the structure of social and business relationship is built chiefly about the laws of the states. It depends upon the exercise by the states of that vastly greater share of government power which resides in them, to the exclusion of the federal government. In ordinary times nearly the entire burden of taxation represents state and local demands. Even now, despite the enormous increase of federal taxes from pre-war years, state and local taxes far exceed the federal requirements. Moreover, the national burden is being continually reduced, while that of the local units is growing and likely to continue to grow.

Such is the real distribution of duties, responsibilities, and expenses. Yet people are given to thinking and speaking of the national government as "the government." They demand more from it than it was ever intended to provide; and yet in the same breath they complain that federal authority is stretching itself over areas which do not concern it. On one side, there are demands for more amendmends to the constitution. On the other, there is too much opposition to those that already exist.

Some States Lag.

Without doubt, the reason for increasing demands on the federal government is that the states have not discharged their full duties. Some have done better and some worse, but as a whole they have not done all they should. So demand has grown up for a greater concentration of powers in the federal government. If we will fairly consider it, we must conclude that the rem edy would be worse than th disease. What we need is not mo federal government, but better l cal government. Yet many peop who would agree to this have lar responsibility for the lapses of l cal authority.

From every position of consi tency with our system, more ce tralization ought to be avoided. T states would protest, prompt enough, anything savoring of fe eral usurpation. Their protecti will lie in discharging the full o ligations that have been impos on them. Once the evasion of loc responsibilities becomes a hab there is no knowing how far t consequences may reach. Eve step in such a progression will be unfortunate alike for states and nation. The country needs, in grappling with the manifold problems of these times, all the courage, intelligence, training and skill that can be enlisted in both state and national administrations.

One insidious practice Br sugar-coats the dose of fede trusion is the division of e for public improvements or s wi between state and national nu uries. The ardent states-righ en vocate sees in this prac at vicious weakening of the sta col tem. The extreme federalist lec to look upon it in cynical "L as bribing the states into su tha nation. The average Americ pre lieving in our dual-sovereign clu tem, must feel that the po co national doles to the states sid and may become disastrous. op may go on yet for a time w sel easy assumption that "if the Ma will not, the nation must." Bu way lies trouble. When the n Th treasury contributes half, th By temptation to extravagance by the state. We have seen some examples in connection with the federal contributions to road building. Yet there are constant demands for more federal contributions. Whenever by that plan we take something from one group of states and give it to another group, there is grave danger that we do an economic injustice on one side and a plitical injury on the other. We impose unfairly on the strength of the strong, and we encourage the weak to indulge their weakness.

Starts Vicious Cycle.

When the local government unit evades its responsibility in one direction, it is started in the vicious way of disregard of law and laxity of living. The police force which is administered on the assumption that the violation of some laws may be ignored has started toward demoralization. The community which approves such administration is making dangerous concessions. There is no use disguising the fact that as a nation our attitude toward the prevention and punishment of crime needs more serious attention. I read the other day a survey which showed that in proportion to population we have eight times as many murders as Great Britain, and five times as many as France. Murder rarely goes unpunished in Britain or France; here the reverse is true. The same survey reports many times as many burglaries in parts of America as in all England; and, whereas a very high per cent of burglars in England are caught and punished, in parts of our country only a very low per cent is finally punished. The Compan

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3

T.H. Star 5/31/1925

President Coolidge

can not fail to be disturbing. T conclusion is inescapable that lax of administration reacts upon pu lic opinion, causing cynicism a loss of confidence in both law a its enforcement and therefore in observance. The failure of loc government has a demoralizing e fect in every direction.

These are vital issues, in whi the nation greatly needs a reviv of interest and concern. It is sens less to boast of our liberty whe we find that to so shocking an e tent it is merely the liberty to ill-governed. It is time to tak warning that neither the liberti we prize nor the system und which we claim them are safe whi such conditions exist.

Must Recognize Them.

We shall not correct admitte and grave defects if we hesitate t recognize them. We must be fran with ourselves. We ought to b our own harshest critics. We ca afford to be, for in spite of every thing we still have a balance o prosperity, of general welfare, o secure freedom and of righteou purpose, that gives us assurance o leadership among the nations.

What America needs is to hol to its ancient and well-charte course.

Our country was conceived in the theory of local self-government. It has been dedicated by long prac tice to that wise and beneficent policy. It is the foundation prin ciple of our system of liberty. It makes the largest promise to the freedom and development of the individual. Its preservation is worth all the effort and all the sacrifice that it may cost.

It can not be denied that the present tendency is not in harmony with this spirit. The individual, instead of working out his own salvation and securing his own freedom by establishing his own economic and moral independence by his own industry and his own self-mastery, tends to throw himself on some vague influence which he denominates society and to hold that in some way responsible for the sufficiency of his support and the morality of his actions. The local political units likewise look to the states, the states look to the nation, and nations are beginning to look to some vague organization, some nebulous concourse of humanity, to pay their bills and tell them what to do. This is not local self-government. It is not American. It is not the method which has made this country what it is. We can not maintain the western standard of civilization on that theory. If it is supported at all, it will have to be supported on the principle of individual responsibility. If that principle be maintained, the result which I believe America wishes to see produced inevitably will follow.

Liberty Takes Strength.

There is no other foundation on which freedom has ever found a permanent abiding place. We shall have to make our decision whether we wish to maintain our present institutions, or whether we wish to exchange them for something else. If we permit some one to come to support us, we can not prevent some one coming to govern us. If we are too weak to take charge of our own morality, we shall not be strong enough to take charge of our own liberty. If we can not govern ourselves, if we can not observe the law, nothing remains but to have some one else govern us, to have enforced against us, and to step down from the honorable abiding place of freedom to the ignominious abode of servitude.

If these principles are sound, two conclusions follow. The individual and the local, state and national political units ought to be permitted to assume their own responsibilities. Any other course in the end will be subversive both of character and liberty. But it is equally clear that they in their turn must meet their obligations. If there is to be a continuation of individual and local self-government and of state sovereignty the individual and locality must govern themselves and the state must assert its sovereignty. Otherwise these rights and privileges will be confiscated under the all-compelling pressure of public necessity for a better maintenance of order and morality. The whole world has reached a stage in which if we do not set ourselves right, we may be perfectly sure that an authority will be asserted by others for the purpose of setting us right.

But before we attempt to set ourselves up as exponents of universal reform, it would be wise to remember that progress is of slow growth, and also to remember that moderation, patience, forbearance and charity are virtues in their own right. The only action which can be effective in the long run is that which helps others to help themselves. Before we assume too great responsibilities in the governing of others, it would be the part of wisdom very completely to discharge our responsibilities for governing ourselves. A large amount of work has to be done at home before we can start in on the neighbors, and very considerable duties have to be performed in America before we undertake the direction of the rest of the world. But we must at all times do the best we can for ourselves without forgetting others, and the best we can for our own country without forgetting other nations.

America Is Success.

Ours is a new land. It has had an almost unbelievable task to perform, and has performed it well. We have been called to fit the institutions of ancient civilization to the conditions of a new country. In that task the leaders of the nation have been supported by a deep devotion to the essentials of freedom. At the bottom of the national character has been a strain of religious earnestness and moral determination which has never failed to give color and quality to our institutions. Because our history shows us these things, we dare make honest appraisal of our shortcomings. We have not failed. We have succeeded. Because we have been privileged to rely upon generations of men and women ready to serve and to sacrifice, we have magnificently succeeded.

Our gathering here today is in testimony of supreme obligation to those who have given most to make and preserve the nation. They established it upon the dual system of state government and federal government, each supreme in its own sphere. But they left to the states the main powers and functions of determining the form and course of society. We have demonstrated in the time of war that under the constitution we possess an indestructible union. We must not fail to demonstrate in the time of peace that we are likewise determined to possess and maintain indestructible states. This policy can be greatly advanced by individual observance of the law. It can be strongly supplemented by a vigorous enforcement of the law. The war which established Memorial day had for its main purpose the enforcement of the constitution. The peace which followed that war rests upon the universal observance of the constitution. This union can only be preserved, the states can only be maintained, under a reign of national, local and moral laws, under the constitution established by Washington, under the peace provided by Lincoln.

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THE COOLIDGE BASHFULNESS.

One often sees President Coolidge in the white house, not in the office building annex, but in the family rooms, a shy figure, sometimes walking two or three times across one end of a room in and out of it, before being able to turn to a friendly group chatting in the corner. But when he does turn he will appear before the group, sometimes, if they are strangers, standing a bit detached, throwing in some little cosmic scrap of conversation, unable to plunge into the midst of the social chatter. Mrs. Coolidge and his son stand in no great awe of him. He is no stern, awesome father in the Coolidge household. Openly and merrily they mock his quacking Vermont drawl, which is the highest testimonial to the beautiful family relations that prevail in the white house. Once, early in the winter, when Mrs. Coolidge had a gathering of wives of the great around the white house table at luncheon, they were thrown into a flutter by the first announcement that the stork was hovering over a well-known national household. Suddenly it occurred to all the guests and the hostess to wonder as to the date of the expected visit, and the question buzzed up and down the table. The spare little man at the head of the table, in the master's chair, had said no word, given no sign that he knew what was in the social wind. Finally, in a lull, he snapped in:

"Middle of February, I understand." That was all. He had known the whole story, possibly, for weeks, and no word or hint had come from him to the wife of his bosom about the big news of the day. He enjoyed more than anyone else, though wild horses could not twist a smile from his face, the triumph which his five words brought to him.

The Coolidge bashfulness does not keep him from enjoying parties. He does not like the kind of parties that Harding gave—select, jammed with stuffed lions and sometimes too noisy with good fellows. The Coolidge parties, on the Mayflower for instance, are always made up by the president himself. He picks friends, or those whom he might come to know as friends. Then he avoids them and enjoys them to the limit.—Collier's.

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PRESIDENT COOLIDGE'S S

NEW YORK, February 13.—The address of President Coolidge last night before the National Republican Club here follows:

Mr. Chairman—One hundred and fifteen years ago today Abraham Lincoln was born. How great he became can not yet be accurately measured, although nearly sixty years have passed since his death. Probably there has been no one justly entitled to be termed "the greatest man in the world." As there are many different talents, so there are many different kinds of greatness. This makes comparisons somewhat barren of results. But measured by ability, achievement and character, America has long placed Washington and Lincoln as the two men in our history pre-eminently entitled to be termed "truly great." In this opinion we have the general concurrence of mankind. While others approach them, they are not outranked by any of the other figures which all of civilization has produced throughout its record of thousands of years.

In a way all men are great. It is on that conception that American institutions have been founded. Perhaps the differences are not so much as many suppose. Yet there are differences which set off some men above their fellows. What those differences are in a particular case is a matter somewhat of personal opinion. To me the greatness of Lincoln consisted very largely of a vision by which he saw more clearly than the men of his time the moral relationship of things. His great achievement lay in bringing the different elements of his country into a more truly moral relationship. He was the commander-in-chief of the greatest armies the world had then seen. They were victorious. Yet we do not look upon him as a conqueror. He directed the raising and expenditure of vast sums of money. Yet we do not think of him as a financier. The course which he followed cost many lives and desolated much territory. Yet we think of him not as placing a burden on the nation but removing one from it, not as a destroyer but a restorer. He was a liberator. He struck the fetters not only from the bodies but from the minds of men. He was a great moral force.

A Stronger Foundation.

When Lincoln had finished his course, he had made the foundation of freedom stronger and firmer on which to build national unity. Strengthening that principle was the chief accomplishment of his life. He pointed out that the nation could not endure half slave and half free. The mighty work which he did finally left it to endure all free. He restored national unity by restoring moral unity.

The questions which he considered in his day we need have no hesitation in concluding were finally and definitely settled. There is no difference of opinion, no argument about them now. The conclusions which he drew have long since been the settled policy of our country.

The conflicts of his time have passed away. New developments have taken place, new problems have been met. The industrial struggle which came, lasting up to the days of the world war, for increased compensation to wage earners, for the bettering of their condition, while it has never been fully settled, does not appear at present to be acute. The rewards of labor engaged in commerce, transportation, and industry are now such as to afford the most liberal participation in all the essentials of life. What this tremendous opportunity now held by the wage earner, if wisely and justly administered, will mean to the well-being of the nation is almost beyond comprehension. It opens up the prospect of a new era in human existence. It justifies the assertion that while America has problems, it is not lacking in the ability or courage to comprehend and solve them. It is a warrant for confidence in the future.

That national unity for which Lincoln laid the foundation requires perpetual adjustment for its maintenance. How great our country really is, how diversified are its interests, is almost beyond the comprehension of any one man. Yet great and diversified as it is, any pretense of sound morals or sound economics requires that each part, each section, and each interest, should be looked upon by the government with like solicitude, all sharing the common burdens, all partaking of the common welfare.

Policy Must Be National.

There is no sound policy which is narrow, or sectional, or limited. Every sound policy must be national in its scope. It is always necessary to determine what will be good for the whole country.

The necessary observance of these principles requires, at the present time, that a large amount of attention should be given to agriculture. This is an interest on which it is estimated that more than 40,000,000 of our people are directly or indirectly dependent. It represents an investment several times as large as that of all the railroads of the country. It has an aggregate production of over $8,000,000,000 each year. Yet, with all these vast resources of production and consumption, and the vast purchasing power for the products of the farm, which is represented by the prosperity of our industry and commerce, with here and there an exception, agriculture as a whole languishes.

Production has outrun the power of distribution and consumption. The farm population is not increasing, but the improved methods of tillage and inventions in farm machinery have all contributed to increase the per capita output. It is in this direction that the agricultural schools and colleges have placed their major emphasis. Their education has been substantially all on the side of improved methods of production and none on the side of distribution, consumption, and marketing.

When there is a difficulty which affects so large a population, so large an area, and so important an interest as that of agriculture, it is distinctly a national question. It scarcely needs to be pointed out that agriculture is of vital importance to our country. It is the primary source of sustenance, enterprise, industry and wealth. Every one ought to know that it is basic and fundamental. Without a healthy, productive and prosperous agriculture there can be no real national prosperity. It is perfectly obvious that there is something radically wrong when agriculture is found in its present state of depression at a time when manufacturing, transportation and commerce are on the whole in a remarkable state of prosperity.

No one would deny, I supose, that industrially we are very flourishing. Every standard by which prosperity is measured, whether it be production, movement of freight, corporate earnings, employment of labor or bank clearings, all point to the same conclusions. Disregarding the abnormal wartime conditions, for every important enterprise save agriculture the year 1923 undoubtedly holds the record. Earnings have been very greatly increased, and except here and there as in the case of some railroads must be looked upon with a great deal of satisfaction.

But agriculture has only partially revived. Its position has been improved, and the returns for the year are nearly 30 per cent. in excess of two years ago. But the great food staples do not sell on a parity with the products of industry. Their average price is little above the prewar level, while manufacturers are about 50 per cent. higher. The farmer is not receiving his share.

Credit Avenues Checked.

The result has been a decrease in the value of farm lands, the choking of the avenues of credit with obligations which are worthless or doubtless, the foreclosure of mortgages and the suspension of a large number of banks. To this depression there have been other contributing causes, but the main difficulty has been the price of farm produce.

Very likely you are wondering why agriculture should be discussed here in this metropolis. One reason is that I want to emphasize as forcibly as possible your very intimate dependence upon agricultural welfare. That great interest can not be affected without the necessity of your being affected. The farm is one of the chief markets for the industries of the nation. You have a direct economic and financial interest. You can not long prosper with that great population and great area in distress.

You have a political interest. The people of those numerous states cast an enormous influence upon the making of the laws by which you are governed. Unsound economic conditions are not conducive to sound legislation. The farm has a social value which can not be overestimated. It is the natural home of liberty and the support of courage and character. In all the nation it is the chief abiding place of the spirit of independence. I do not need to dwell upon the moral requirement for the equitable distribution of prosperity and the relief of distress by the application of every possible and sound remedy. This problem is not merely the problem of the agricultural section of our country; it is the problem likewise of industry, of transportation, of commerce, and of banking. I bring it to you because I know that in part it is your problem. I have already encouraged organization and co-operative marketing that organized agriculture may cope with organized industry. I have promoted tariff investigations for increased rates on wheat. I have extended relief through the War Finance Corporation and the federal reserve bank system.

I shall not now discuss the details of legislation or enter upon a presentation of peculiarly agricultural remedies. I made specific recommendations in my message to the congress, and there are bills pending for carrying my suggestions into effect.

What I am most anxious to impress upon the prosperous part of our country is the utmost necessity that they should be willing to make sacrifices for the assistance of the unsuccessful part. I do not mean by that that any unsound device, like price fixing, which I oppose, because it would not make prices higher, but would in the end make them lower; it would not be successful and would not prove a remedy; but I do mean that the resources of the country ought to come to the support of agriculture.

The organization recently perfected to supply money and management for the larger aspects of agriculture ought to have your sympathetic and active support. I am glad financial America is moving in that direction. It will be less work and less expense for you to meet this situation in that way, for you will meet it; you will be affected by its economic, political and moral results.

National Taxation.

When an examination is made to ascertain some of the causes of these conditions, among the first which suggest themselves is the amount and the method of national taxation. Out of an income of about $60,000,000,000 the people of this country pay nearly $7,500,000,000 in taxes, which is over $68 for every inhabitant of the land. Of this amount the national government collects about $3,200,000,000, and the state and local governments about $4,300,000,000. As a direct burden this is a stupendous sum, but when it is realized that in the course of our economic life it is greatly augmented when it reaches the consumer in the form of the high cost of living, its real significance begins to be appreciated. The national and local governments ought to be unremitting in their efforts to reduce expenditures and pay their debts. This the national government is earnestly seeking to do. The war cost of more than $40,000,000,000 is already nearly half paid. Amid the disordered currencies of the warring nations our money is, and has been maintained, at the gold standard. Our budget has long since been balanced, and our debt-paying program is at the rate of $500,000,000 each year. In spite of all these expenditures, the next fiscal year has an estimated surplus revenue of over $300,000,000.

This represents a great financial achievement in the last three years. In the first place, it was necessary to provide for more than $7,000,000,000 of short-time maturities. These have all either been paid or refunded, so that they will become due in the future at orderly intervals, when they can be retired or further extended. When it is realized that such large loans were made in a way that not only left business undisturbed, but was scarcely perceptible to the public, the skill with which Secretary Mellon managed them can well be appreciated.

Coincident with this was the even greater task of reducing national expenditures. Through legislative enactment and executive effort this has gone steadily forward, and is now proceeding from day to day. Under the watchful care of the budget bureau every department is constantly striving to eliminate all waste and discard every unnecessary expense.

Every reasonable effort has been made to secure the liquidation of our international debts. The largest, which was that of Great Britain, and which amounted with accumulated interest to $4,600,000,000, has been settled on terms that provide for its payment over a period of sixty-two years. Interest runs at 3 per cent. until 1933, and after that 3½ per cent. This calls for payments in the immediate future of over $160,000,000 a year. They have the option to pay us in our own bonds, and in its practical working this agreement does not involve cash payments to this country, but simply a mutual cancellation of debts. The funding of the British debt was one of the greatest of in-

PEECH BEFORE NATIONAL REP

COOLIDGE HIGHLIGHTS

OIL INQUIRY—There will be immediate, adequate, unshrinking prosecution, criminal and civil, to punish the guilty and to protect every national interest. In the effort there will be no politics, no partisanship. It will be speedy; it will be just.

SOLDIER BONUS—It would mean the indefinite postponement of any tax reduction, another increase in the cost of living, more drying up of the sources of credit and a probable raising of the rates of interest—all of which would result in inflation and higher prices, with the grave danger of ultimate disaster to our economic system.

MELLON TAX BILL—Because I wish to give to all the people all the relief which it contains I am opposed to material alteration and compromise. It is about as far removed as anything could be from any kind of partisanship.

GARNER TAX PROPOSAL—It is political in theory. It is impossible in practice. The people will not be misled by such proposals.

REPARATIONS COMMISSION—They (American experts) can not help being Americans, and will bring to their problems not the point of view of the American government, but, what may be more effective, the point of view of the American mind.

ARMAMENT LIMITATION—The United States stands ready to join with the other great powers whenever there appears to be reasonable prospects of agreement in a further limitation of competitive armament.

SALE OF ARMS TO MEXICO—We had either to refuse or comply. To refuse would have appeared to be equivalent to deciding that a friendly government which we had recognized ought not be permitted to protect itself.

WAR—Our government does not want war anywhere. It wants peace everywhere.

HELP FOR THE FARMER—What I am most anxious to impress upon the prosperous part of our country is the utmost necessity that they should be willing to make sacrifice for the assistance of the unsuccessful part.

LINCOLN—He restored national unity by restoring moral unity.

ternational financial transactions. It had its effect on business confidence, which was world-wide. It demonstrated the determination of a great empire faithfully to discharge its international obligations. In this respect it was much more than a financial transaction, it was an exhibition of the highest type of international honor. It showed that the moral standards of the world were going to be maintained.

To General Welfare.

All of this has laid the foundation for national tax reduction and reform. In time of war finances, like all else, must yield to national defense and preservation. In time of peace finances, like all else, should minister to the general welfare. Immediately upon my taking office it was determined after conference with Secretary Mellon that the treasury department should study the possibility of tax reduction for the purpose of securing relief to all taxpayers of the country and emancipating business from unreasonable and hampering exactions. The result was the proposed bill, which is now pending before the congress. It is doubtful if any measure ever received more generous testimony of approval. Opposition has appeared to some of its details, but to the policy of immediate and drastic reduction of taxes, so arranged as to benefit all classes and all kinds of business, there has been the most general approbation. These recommendations have been made by the treasury as the expert advisor of the government. They follow, in their main principle of a decrease in high surtaxes, which is only another name for war taxes, the views of the two preceding secretaries of the treasury, both of them Democrats of pronounced ability. They are nonpartisan, well thought out, and sound. They carry out the policy of reducing the taxes of everybody, especially people of moderate income. They give to the country almost $1,000,000 every working day.

The proposed bill maintains the fixed policy of rates graduated in proportion to the ability to pay. That policy has received almost universal sanction. It is sustained by sound arguments based on economic, social and moral grounds. But in taxation, like everything else, it is necessary to test a theory by practical results. The first object of taxation is to secure revenue. When the taxation of large incomes is approached with this in view, the problem is to find a rate which will produce the largest returns. Experience does not show that the higher rate produces the larger revenue. Experience is all the other way. When the surtax rate on incomes of $300,000 and over was but 10 per cent., the revenue was about the same as it was at 65 per cent. There is no escaping the fact that when the taxation of large incomes is excessive they tend to disappear. In 1916 there were 206 incomes of $1,000,000 or more. Then the high tax rate went into effect. The next year there were only 141, and in 1918 but sixty-seven. In 1919 the number declined to sixty-five. In 1920 it fell to thirty-three, and in 1921 it was further reduced to twenty-one. I am not making any argument with the man who believes that 55 per cent. ought to be taken away from the $1,000,000 income, or 68 per cent. from a $5,000,000 income; but when it is considered that in the effort to get these amounts we are rapidly approaching the point of getting nothing at all, it is necessary to look for a more practical method. That can be done only by a reduction of the high surtaxes when viewed solely as a revenue proposition, to about 25 per cent.

I agree perfectly with those who wish to relieve the small taxpayer by getting the largest possible contribution from the people with large incomes. But if the rates on large incomes are so high that they disappear, the small taxpayer will be left to bear the entire burden. If, on the other hand, the rates are placed where they will produce the most revenue from large incomes, then the small taxpayer will be relieved. The experience of the treasury department and the opinion of the best experts place the rate which will collect most from the people of great wealth, thus giving the largest relief to people of moderate wealth, at not over 25 per cent.

As to Investments.

A very important social and economic question is also involved in high rates. That is the result taxation has upon national development. Our progress in that direction depends upon two factors—personal ability and surplus income. An expanding prosperity requires that the largest possible amount of surplus income should be invested in productive enterprise under the direction of the best personal ability. This will not be done if the rewards of such action are very largely taken away by taxation. If we had a tax whereby on the first working day the government took 5 per cent. of your wages, on the second day 10 per cent., on the third day 20 per cent., on the fourth day 30 per cent., on the fifth day 50 per cent. and on the sixth day 60 per cent., how many of you would continue to work on the last two days of the week? It is the same with capital. Surplus income will go into tax-exempt securities. tI will refuse to take the risk incidental to embarking in business. This will raise the rate which established business will have to pay for new capital, and result in a marked increase in the cost of living. If new capital will not flow into competing enterprise the present concerns tend toward monopoly, increasing again the prices which the people must pay.

The high prices paid and low prices received on the farm are directly due to our unsound method of taxation. I shall illustrate by a simple example: A farmer ships a steer to Chicago. His tax, the tax on the railroad transporting the animal, and of the yards where the animal is sold, go into the price of the animal to the packer. The packer's tax goes into the price of the hide to the New England shoe manufacturer. The manufacturer's tax goes into the price to the wholesaler, and the wholesaler's tax goes into the price to the retailer, who in turn adds his tax in his price to his purchaser.

So it may be said that if the farmer ultimately wears the shoes he pays everybody's taxes from the farm to his feet. It is for this reason that high taxes mean a high price level, and a high price level in its turn means difficulty in meeting world competition. Most of all, the farmer suffers from the effect of this high price level. In what he buys he meets domestic costs of high taxes and the high price level. In what he sells he meets world competition with a low price level. It is essential, therefore, for the good of the people as a whole that we pay not so much attention to the tax paid directly by a certain number of the taxpayers, but we must devote our efforts to relieving the tax paid indirectly by the whole people.

Taken altogether, I think it is easy enough to see that I wish to include in the program a reduction in the high surtax rates, not that small incomes may be required to pay more and large incomes be required to pay less, but that more revenue may be secured from large incomes and taxes on small incomes may be reduced; not because I wish to relieve the wealthy, but because I wish to relieve the country.

The practical working out of the proposed schedules is best summarized by the treasury experts, who find that $92,000,000 a year will be saved to those who have incomes under $6,000; $52,000,000 to those who have incomes between $6,000 and $10,000; and that less than 3 per cent. of the proposed reduction would accrue to those who have incomes of more than $100,000. A married man with two children, having an income of $4,000, would have his tax reduced from $28 to $15.75; having $5,000, from $68 to $38.25; having $6,000, from $128 to $72; having $8,000, from $276 to $144, and having $10,000, from $456 to $234.

In order to secure these results, the administration bill proposes to reduce the tax on earned income 25 per cent., and the normal tax on unearned income also 25 per cent. This would apply to all incomes alike, great and small, and would provide general and extensive relief.

Further Reductions.

Further reductions would be secured by increasing the amount of income, exempt from surtaxes, from $6,000 to $8,000. Such surtaxes increase progressively until on incomes of $100,000 and more they reach the maximum of 25 per cent., which, with the normal tax of 6 per cent., makes large incomes pay in all 31 per cent. It is also proposed to repeal many troublesome and annoying rates, such as admission taxes and sales taxes, the existence of which is reflected in the increased cost of doing business, and the higher prices required from the people.

That is the tax measure which has been proposed, and which has my support. Because I wish to give to all the people all the relief which it contains. I am opposed to material alteration and compromise. It is about as far removed as anything could be from any kind of partisanship. At least, I do not charge that there is any party or any responsible party leadership that admits it is opposed to making taxes low and in favor of keeping taxes high. But the actions and proposals of some are liable to have just that result. I stand on the simple proposition that the country is entitled to all the relief from the burden of taxation which it is possible to give. The proposed measure gives such relief. Other measures which have been brought forward do not meet this requirement. They have the appearance of indirect attempt to defeat a good measure with a bad measure. You have heard much of the Garner plan. Brought forward to have something different, it purported to relieve the greatest number of taxpayers. It gave not the slightest heed to the indirect effect of high taxes, or to the approaching drying up of the source of revenue and consequent failure of the progressive income tax, or to the destruction of business initiative. It is political in theory. When the effect of its provisions was estimated it meant a loss of revenue beyond any expected surplus. It is impossible in practice. The people will not be misled by such proposals. It is entirely possible to have a first-class bill. I want the country to have the best there is. I am for it because it will reduce taxes on all classes of income. I am for it because it will encourage business. I am for it because it will decrease the cost of living. I am for it because it is economically, socially and morally sound.

But the people must understand this is their fight. They alone can win it. Unless they make their wishes known to the congress without regard to party this bill will not pass. I urge them to renewed efforts.

Since August, 1919, the public debt has been decreasing. About $4,500,000,000 has been paid off. This means a reduction in interest of almost $200,000,000. It is of the umost importance, in order to be able to meet a fast-approaching foreign competition, that to keep business good and prevent depression we reduce our debt and keep our expenditures as low as possible. These are the economic reasons why the granting of a bonus would jeopardize the welfare of the whole country.

It was estimated that under the bonus bill which was vetoed, if all the beneficiaries had taken the cer-

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tificates which it was proposed to issue, the plan would have cost $225,000,000 annually for the first four years, and a total of $5,400,000,000. This would more than destroy all the great labor which the country has gone through for the purpose of reducing its debt. It would mean the indefinite postponement of any tax reduction, another increase in the cost of living, more drying up of the sources of credit, and a probable raising of the rates of interest; all of which would result in inflation and higher prices, with the grave danger of ultimate disaster to our financial system. We have been through one period of deflation. Nearly all the men on the farms and many of the men in business have not yet recovered from it, and the country certainly does not want to take the risk of another like experience. A few months of good times are worth more to the service men themselves than anything they could receive in the way of a bonus.

But this question goes deeper than that. I am aware that some men made money out of the war. Many of them lost what they made, but not all. No doubt there are some such who are justly to be criticised for greed and selfishness. Unfortunately they would not pay the bonus. It would have to be paid by the country.

Says Many Do Not Wish Bonus.

I have already undertaken to demonstrate that taxes are paid by the great mass of the people. It is necessary to consider whether there be any moral justification for placing all the people under this great burden, in order to pay some money to a part of the people, many of whom do not want it and are offering pronounced objection to it. A very large body of service men do not want the bonus, and object to being taxed in order that it may be paid. Their request is entitled to just as much consideration as the request of those who do want it. They are just as eager now to save their country from financial disaster as they were formerly to save it from military distaster. They are entitled to be heard. This question ought to be decided in accordance with the welfare of the whole country.

No one doubts the patriotism of those who advocate the bonus. No one denies that the country owes a debt which it never can pay to those who were in the service. Their disabilities must be recompensed, their health restored, their dependents supported; all at public expense. They are entitled to the highest honor. But the service they rendered was of such a nature that it can not be recompensed to them by the payment of money. America was not waging war for the purpose of securing spoils. The American soldier did not enter the service for the purpose of securing personal gain.

I have lately undertaken to define the outline of the foreign policy of the present government. Nothing has occurred since my message to the congress that requires any change in that policy. The prospect of a European settlement, however, has arisen, which holds some promise. Three Americans of outstanding and well-seasoned ability have been called to give their expert assistance and advice. They do not represent our government. Their only official standing comes from their being agents of the reparations commission. Yet they can not help being Americans, and will bring to their problem not the point of view of the American government but, what may be more effective, the point of view of the American mind. Without doubt any settlement would call for a European funding and financing, which would be a doubtful success without American participation. The export of such capital as is not required for domestic business, and which the American people feel can be profitably done, having in view the financial returns, enlargement of our trade and the discharge of the moral obligation of bearing our share of the burdens of the world, entirely in accordance with the choice of our own independent judgment, ought to be encouraged.

Our government does not want war anywhere. It wants peace everywhere. It does not look with sympathy upon the manufacture or sale of arms and munitions by which one country might make war upon another country. It recognizes, however, that every government must necessarily maintain some military establishment for national defense and the policing of its own domain. For such incidental purposes there could be little criticism if our government or private interests, having the necessary equipment, should furnish it. But it is a traffic which we wish to discourage, rather than encourage. We do not believe in great armaments. Especially are we opposed to anything like competitive armaments. While the present time does not appear propitious for a further effort at limitation, should a European settlement be accomplished, something might be hoped for in that direction. The United States stands ready to join with the other great powers, whenever there appears to be reasonable prospect of agreement, in a further limitation of competitive armaments.

Mexican Situation.

A situation has recently arisen in Mexico which has caused some solicitude. We recognize that the people of that country have a perfect right to set up and pull down governments without any interference from us, so long as there is no interference with the lawful rights of our government or our citizens within their territory. We do not harbor the slightest desire to dictate to them in the smallest degreee. We have every wish to be friendly and helpful. After a long period of shifting and what appeared to us to be unsubstantial governments in that country; we recently reached the opinion that President Obregon has established a government which is stable and effective, and disposed to observe international obligations. We therefore recognized it. When disorder arose there. President Obregon sought the purchase of a small amount of arms and munitions of our government for the purpose of insuring his own domestic tranquility. We had either to refuse or to comply. To refuse would have appeared to be equivalent to deciding that a friendly government, which we had recognized, ought not to be permitted to protect itself. Stated in another way, it would mean that we had decided that it ought to be overthrown, and that the very agency which we had held out as able to protect the interests of our citizens within its borders ought not to be permitted to have the means to make such protection effective. My decision ran in a counter direction.

It was not a situation of our making, but one which came and had to be met. In meeting it, I did what I thought was necessary to discharge the moral obligation of one friendly government to another. The supremacy of the Obregon government now appears to be hopeful. Whatever may be the outcome, we are not responsible for it. We did what I believed was right to do under the circumstances. It was done, not for the purpose of protecting any particular individuals or interests, but to exercise a legal right, while at the same time throwing our influence in favor of orderly procedure and evidencing our friendship toward the friendly government of Mexico. Any other course would appear to be unworthy of our country.

I propose to continue whatever course of action is customary between friendly governments. While I trust no further action may be necessary, I shall continue to afford protection in accordance with the requirements of international law. I propose to protect American lives and American rights.

Lately there have been most startling revelations concerning the leasing of government oil lands. It is my duty to extend to every individual the constitutional right to the presumption of innocence until proven guilty. But I have another duty equally constitutional, and even more important, of securing the enforcement of the law. In that duty I do not intend to fail.

Character is the only secure foundation of the state. We know well that all plans for improving the machinery of government and all measures for social betterment miserably fail, and the hopes of progress wither, when corruption touches administration. At the revelation of greed making its subtle approaches to public officers, of the prostitution of high place to private profit, we are filled with scorn and indignation. We have a deep sense of humiliation at such gross betrayal of trust, and we lament the undermining of public confidence in official integrity. But we can not rest with righteous wrath; still less can we permit ourselves to give way to cynicism. The heart of the American people is sound. Their officers with rare exception are faithful and high-minded. For us, we propose to follow the clear, open path of justice. THERE WILL BE IMMEDIATE, ADEQUATE, UNSHRINKING PROSECUTION, CRIMINAL AND CIVIL, TO PUNISH THE GUILTY AND TO PROTECT EVERY NATIONAL INTEREST. IN THIS EFFORT THERE WILL BE NO POLITICS, NO PARTISANSHIP. IT WILL BE SPEEDY, IT WILL BE JUST. I AM A REPUBLICAN, BUT I CAN NOT ON THAT ACCOUNT SHIELD ANY ONE BECAUSE HE IS A REPUBLICAN. I AM A REPUBLICAN, BUT I CAN NOT ON THAT ACCOUNT PROSECUTE ANY ONE BECAUSE HE IS A DEMOCRAT.

I want no hue and cry, no mingling of innocent and guilty in unthinking condemnation, no confusion of mere questions of law with questions of fraud and corruption. It is at such a time that the quality of our citizenry is tested—unrelenting toward evil, fair-minded and intent upon the requirements of due process, the shield of the innocent and the safeguard of society itself. I ask the support of our people, as chief magistrate, intent on the enforcement of our laws without fear or favor, no matter who is hurt or what the consequences.

Distressing as this situation has been, it has its reassuring side. The high moral standards of the people were revealed by their instant reaction against wrongdoing. The officers of the government, without respect to party, have demonstrated a common purpose to protect government property and to bring guilt to justice. We have the trials and perplexities of our day, but they seem insignificant compared with those which taxed the genius of Lincoln. The government maintained itself then; the government will maintain itself now. The forces of evil do not long triumph. The power of justice can not long be delayed. The moral force of Lincoln is with us still. "He that keepeth Israel shall neither slumber nor sleep."